

# HOUSE BILL REPORT

## HB 3176

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**As Reported by House Committee On:**  
Commerce & Labor

**Title:** An act relating to authorizing wine warehouses to handle bottled wine.

**Brief Description:** Authorizing wine warehouses to handle bottled wine.

**Sponsors:** Representatives Kenney, Conway, Condotta, Grant, McIntire, Ericks, Blake, Walsh, Hankins, Haler and Williams.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/31/08, 2/1/08 [DPS].

**Brief Summary of Substitute Bill**

- Expands activities permitted under a bonded wine warehouse license issued by the Liquor Control Board to permit handling of wine, which includes packaging, labeling, and shipping wine orders direct to a consumer.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Crouse, Green, Moeller and Williams.

**Staff:** Joan Elgee (786-7106).

**Background:**

A bonded wine warehouse license issued by the Liquor Control Board (Board) authorizes the storage of bottled wine off the premises of a winery. Wine may be removed from a bonded wine warehouse only to be exported, shipped to a distributor, or returned to a winery or bonded wine warehouse.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In 2006 the Legislature authorized domestic wineries and out-of-state wineries to ship wine directly to Washington residents age 21 or older. Wineries must make monthly reports on direct shipments to the Board.

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**Summary of Substitute Bill:**

The activities permitted under a bonded wine warehouse license are expanded to include the handling of bottled wine. Handling includes: packing and repackaging services; labeling services; creating baskets or variety packs; and picking, packing, and shipping wine orders direct to a consumer.

Wine may be removed from a bonded wine warehouse to be directly shipped to a consumer. A winery contracting with a bonded wine warehouse for handling services must comply with all applicable state and federal laws and is responsible for financial transactions in direct-to-consumer shipping activities.

**Substitute Bill Compared to Original Bill:**

The substitute bill clarifies that a winery contracting with a bonded wine warehouse must comply with all laws, not limited to laws related to direct-to-consumer activities, and is responsible for financial transactions in direct-to-consumer shipping activities.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) The wine industry is an important part of our economy. This bill allows the promotion of Washington wines, as well as other Washington products since it allows baskets to include other items besides wine. Wineries want to focus on their core competencies; warehouses can provide fulfillment services. Some of the smaller wineries want to be able to package their wine away from their premises. This bill will enable us to put 50 people with disabilities to work at a warehouse doing value-added activities.

(Neutral) The Board has worked with the proponents and is comfortable with the bill.

(Opposed) None.

**Persons Testifying:** (In support) Representative Kenney, prime sponsor; Jean Leonard, Washington Wine Institute; and Rich Foeppe and Robert Thompson, Columbia Industries.

(Neutral) Rick Garza, Liquor Control Board.

**Persons Signed In To Testify But Not Testifying: None.**